

Fourth Session of OIC-StatCom

21-23 April 2014, Ankara-Turkey

Follow-up Reports and Activities

Outcomes of the Expert Group Meeting on “Islamic Banking and Finance Statistics”

1 Background Information

According to the resolutions of Third Session of OIC Stat-Com, which was held on 10-12 April 2013, in Ankara, Turkey, the OIC-StatCom decided that the TCE “Islamic Banking and Finance Statistics” should follow its future activities as planned and called for an Experts’ Group Meeting (EGM) to be co-organized by SESRIC and IDB with the aim of bringing up concrete recommendations that will be submitted to the upcoming Session of OIC-StatCom. It was also underlined that the importance of coordination among all agents of National Statistical Systems (NSOs, Central Banks, stock exchanges, line ministries, etc.) and encouraged frequent communication and cooperation in the advancement of this field.

The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC) and Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB) Group jointly organized the Expert Group Meeting (EGM) on “Islamic Banking and Finance Statistics” on 25-26 March 2014 at SESRIC Headquarters in Ankara, Republic of Turkey.

2 Profile of Participants

The Expert Group Meeting was attended by delegates from the National Statistical Offices and Central Banks of 13 OIC Member Countries including Bangladesh, Cameroon, Iraq, Kuwait, Libya, Malaysia, Oman, Palestine, Qatar, Saudi Arabia, Senegal, Turkey and Yemen. Representatives of Borsa Istanbul (Istanbul Stock Exchange), International Centre for Education in Islamic Finance (INCEIF) and Participation Banks Association of Turkey (TKBB) also participated in the meeting.

3 Objective of the Expert Group Meeting

Statistical infrastructure is imperative for a well-functioning Islamic Banking and Finance industry and providing the sector with a level playing field. Moreover, policy makers, regulators

and standard-setters in OIC member countries should ensure that the supervisory and legal infrastructure for Islamic Banking and Finance Statistics remain relevant to the rapidly changing Islamic Finance landscape and global developments. Infrastructure development efforts should also interface with the global financial reform agenda.

However, to produce adequate, sound and effective structural policies regarding infrastructure, the decision makers need data. Accordingly, first and foremost, the Islamic finance industry should be based on relevant statistics. In order to fulfill these criteria, Islamic Banking and Finance statistics should be incorporated into National Statistical Systems (NSS) of OIC member countries. In this regard, the main goals of the TCE Meeting on Islamic Banking and Finance Statistics are to:

- ✓ examine the contemporary trends in the Islamic banking and finance industry and assess the current situation of Islamic banking and finance statistics in both OIC member countries and the world;
- ✓ share country practices, valuable experiences and innovative models on IBF Statistics;
- ✓ determine the scope and content of the general framework for IBF statistics that any member country can utilize if and when they need to collect, process and disseminate relevant data on a sustainable basis within official statistical system;
- ✓ to raise awareness on IBF statistics at both OIC and international level for developing the Islamic finance to become a mainstream financing alternative to the conventional interest-based system.
- ✓ to initiate the process of producing IBF Statistics through identifying a roadmap of cooperation among the OIC member countries
- ✓ to outline a general framework for developing a comprehensive database of IBF Statistics
- ✓ discuss future work of the TCE and draft the meeting recommendations that will be submitted to the Fourth Session of OIC-StatCom.

4 Content of the Expert Group Meeting

The Expert Group Meeting on “Islamic Banking and Finance Statistics” included four sessions:

- *Country Practices on IBF Data Collection and Dissemination*
- *Current Stance of the OIC Member Countries in terms of Islamic Banking and Finance*
- *General Framework of Islamic Banking and Finance Statistics*
- *Discussions on Future Work of the TCE and Drafting of Recommendations*

5 Recommendations of the Expert Group Meeting

At the end of the training, the participants expressed their thanks and appreciation to OIC-StatCom Secretariat and SESRIC for hosting the training, in collaboration with IRTI, and agreed on the following recommendations and conclusions:

1. *Extending* their sincere thanks to SESRIC and IRTI for their warm hospitality and Kuwait, Malaysia, Palestine, Qatar, Turkey, Borsa Istanbul, INCEIF, IRTI, SESRIC and TKBB for their enlightening presentations and expressing their expectation for the continuation of similar meetings.
2. *Recognizing* the scattered and generally fee-based nature of data for Islamic Banking and Finance Industry over a number of different sources, appreciated IRTI for their efforts towards the IBIS database (www.ibisonline.net) and called SESRIC and IRTI to explore the possibility of collaboration to further promote the quality and availability of Islamic banking and finance statistics data.
3. *Having devoted attention* to limited availability of systematic, accurate, consistent and reliable statistical information at country level, underlined the importance of adhering to a sound methodology for the collection, collation, processing and dissemination of country-level Islamic Banking and Finance Statistics. In this regard, SESRIC and IRTI are requested to coordinate with the IFSB to introduce a set of standards and raise awareness among the members of OIC Statistical Commission based on current methodological documents prepared by the IFSB.
4. *Considering* the increasing global interest in Islamic Banking and Finance, suggested SESRIC and the IDB Group, to seek ways to cooperate with other international organizations including regional offices of the International Monetary Fund (IMF) and World Bank Global Islamic Finance Development Center in Istanbul to prevent duplication of efforts.
5. *Taking into account* the strategic significance of Islamic Banking and Finance Statistics at the OIC level, recommended bringing the issue of Islamic Banking and Finance Statistics forward in the relevant OIC meetings, especially in the OIC Central Banks and Monetary Authorities Meetings and OIC Stock Exchanges' Forum.
6. *Emphasizing* the need for smooth coordination among all stakeholders of the National Statistical System (NSS) --especially between National Statistical Offices (NSOs) and Central Banks/Monetary Authorities of the OIC Member Countries-- for the collection, collation, processing and dissemination of data on Islamic Banking and Finance Industry, called the OIC Statistical Commission to discuss the issue of including the

Islamic Banking and Finance Statistics under the official statistical programmes of OIC Member Countries.

7. *Noting* the difficulties encountered by various international and non-profit organisations in communicating with respective countries while trying to bridge the gaps in statistical data availability for the sector, stressed the importance of determining a national stakeholder/focal point within the National Statistical System (NSS) of each country that will be responsible for transmitting data on Islamic Banking and Finance Industry.
8. *Highlighting* the essence of showing best practices, requested SESRIC, IRTI and the IDB Group to encourage pilot projects mainly concentrating on country level basic indicators, in countries that have adequate infrastructure and are willing to participate.
9. *Observing* the different development levels of OIC Member Countries in statistical processes concerning Islamic Banking and Finance Statistics, indicated the dire need for improving the infrastructure to reach the desired level and accessibility of data at the country level, hence, invited SESRIC and IRTI of IDB Group to scale-up capacity building efforts (training programmes, twinning projects, exchange of experts, etc.) in this area.